

SABINE RIVER AUTHORITY
State of Louisiana

Financial Statements
June 30, 2006 and 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/20/06

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Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Sabine River Authority
State of Louisiana

We have audited the accompanying financial statements of Sabine River Authority, a component unit of the State of Louisiana, as of and for the years ended June 30, 2006 and 2005, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, issued by the Comptroller General of the United States, and the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Prior to July 1, 1994, the fixed assets of Sabine River Authority, State of Louisiana, were not reported in an enterprise fund. All opening balances of fixed assets could not be verified. See Note 4 for additional information.

In our opinion, except for any errors which might have been disclosed had fixed assets been established and maintained prior to July 1, 1994, the financial statements referred to above present fairly, in all material respects, the financial position of Sabine River Authority, State of Louisiana, as of June 30, 2006 and 2005, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedule and annual fiscal report listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements, and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

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Board of Commissioners
Sabine River Authority,
State of Louisiana

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued a report dated August 21, 2006, on our consideration of Sabine River Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit

Broussard & Company

Lake Charles, Louisiana
August 21, 2006

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

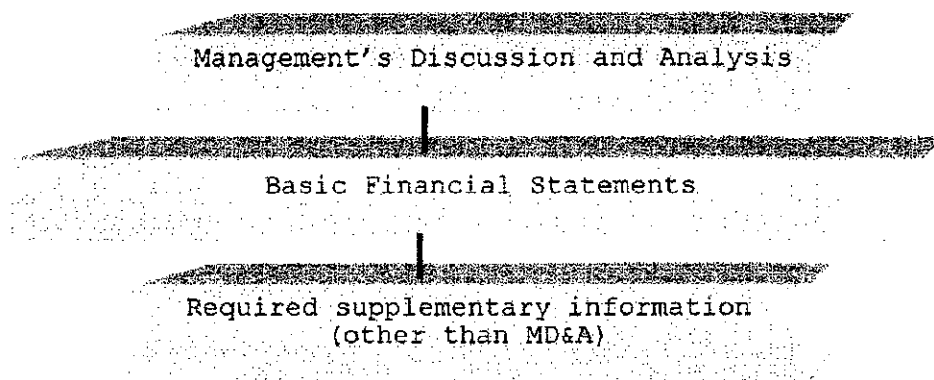
The Management's Discussion and Analysis of the Sabine River Authority's (BTA) financial performance presents a narrative overview and analysis of Sabine River Authority's (BTA) financial activities for the year ended June 30, 2006. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the Sabine River Authority's (BTA) financial statements.

FINANCIAL HIGHLIGHTS

- ★ The Sabine River Authority's (BTA) assets exceeded its liabilities at the close of fiscal year 2006 by \$48,611,255 which represents a 4.64% decrease from last fiscal year. The net assets decreased by \$2,366,624 (4.64%).
- ★ The Sabine River Authority's (BTA) revenue decreased \$2,033,486 (or 31%) and the net results from activities decreased by \$2,350,718. The decrease was a result of decreased power sales.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

Basic Financial Statements

The basic financial statements present information for the Sabine River Authority (BTA) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Balance Sheet (pages 8 - 9) presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Sabine River Authority (BTA) is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 10) presents information showing how Sabine River Authority's (BTA) assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 11- 12) presents information showing how Sabine River Authority's (BTA) cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets as of June 30, (in thousands)			
	Total		
	2006	2005	
Current and other assets	\$ 3,731	\$ 6,229	
Capital assets	60,201	61,742	
Total assets	63,932	66,971	
Other liabilities	805	547	
Long-term debt outstanding	14,516	15,445	
Total liabilities	15,321	15,992	
Net assets:			
Invested in capital assets, net of debt	45,578	46,205	
Restricted	634	527	
Unrestricted	2,399	4,246	
Total net assets	\$ 48,611	\$ 50,978	

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for.

The Sabine River Authority's (BTA) total revenues decreased by \$1,999,114 or (30%). The total cost of all programs and services increased by \$203,797 or (1.4%).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2006, the Sabine River Authority (BTA) had \$60,201,103 invested in a broad range of capital assets, including land, reservoirs and waterways, dams and electric plant, water and pumping plant, recreation site improvements, and equipment. (See Table below). This amount represents a net decrease (including additions and deductions) of \$1,540,457, or 2.5%, over last year.

Capital Assets at Year-end (Net of Depreciation, in thousands)		
	2006	2005
Land	\$ 1,227	\$ 1,227
Reservoirs and Waterways	9,388	9,668
Dams and Electric Plant	12,882	13,223
Water and Pumping Plant	15,407	15,686
Recreation Site Improvements	1,900	1,931
Equipment	830	647
All Others	18,567	19,359
Totals \$	\$ 60,201	\$ 61,741

This year's major additions included (in thousands):

- Pump station renovations \$186.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

Debt

The Sabine River Authority (BTA) had \$ 6,695 thousand in bonds and notes outstanding at year-end, compared to \$7,355 thousand last year, and a decrease of 9% as shown in the table below.

The Sabine River Authority Bonds are unrated.

	Outstanding Debt at Year-end (in thousands)	
	2006	2005
Revenue Bonds and Notes	\$ 6,695	\$ 7,355
Totals \$	<u>6,695</u>	<u>7,355</u>

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$1,870 thousand under budget and expenditures were \$537 thousand less than budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Sabine River Authority's (BTA) budget is completed based on guidelines set by the Division of Administration. Revenues are projected based on historical data. Non-appropriated items are set by the Bond Indentures and the Toledo Bend Project Joint Operations.

CONTACTING THE SABINE RIVER AUTHORITY'S (BTA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Sabine River Authority's (BTA) finances and to show the Sabine River Authority's (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jim Pratt, Executive Director.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

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**SABINE RIVER AUTHORITY,
STATE OF LOUISIANA
Balance Sheets
As of June 30,**

	2006	2005
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,609,184	\$ 3,005,626
Accounts receivable	588,360	836,511
Total Current Assets	2,197,544	3,842,137
Noncurrent Assets:		
Restricted Assets:		
Cash and cash equivalents	1,436,304	1,277,697
Total Restricted Assets	1,436,304	1,277,697
Property and Equipment:		
Land	1,227,496	1,227,496
Reservoirs and waterways	18,000,579	18,000,579
Dams and electric plant	22,094,463	22,094,463
Water and pumping plant	24,747,070	24,560,294
Recreation and conference center	12,999,570	13,002,686
Recreational site improvements	5,212,129	5,140,151
Buildings	2,741,909	2,691,802
Roads and parking lots	2,877,068	2,877,068
Fish pavillions	840,742	840,742
Golf course	5,189,797	5,165,539
Equipment	3,708,119	3,525,552
Construction in progress	50,549	110,198
Less accumulated depreciation	(39,488,388)	(37,495,010)
Total Property, Plant and Equipment	60,201,103	61,741,560
Other Assets		
Bond issue costs, net of amortization	47,474	58,981
Deposits	50,000	50,000
Total Other Assets	97,474	108,981
Total Noncurrent Assets	61,734,881	63,128,238
Total Assets	\$ 63,932,425	\$ 66,970,375

The notes to the financial statements are an integral part of this statement.

**SABINE RIVER AUTHORITY,
STATE OF LOUISIANA
Balance Sheets (Continued)
As of June 30,**

	2006	2005
Liabilities and Net Assets		
Current Liabilities		
Accounts and retainage payable	\$ 240,715	\$ 130,020
Current portion of contract payable	-	269,212
Deferred revenue	150,770	-
Accrued expenses	306,425	326,288
Total Current Liabilities	697,910	725,520
Current Liabilities Payable from Restricted Assets		
Current maturities of long-term debt	695,000	660,000
Interest payable	107,181	90,897
Total Current Liabilities Payable from Restricted Assets	802,181	750,897
Long-term Liabilities		
Contract payable	7,821,079	7,821,079
Bonds payable	6,000,000	6,695,000
Total Long-term Liabilities	13,821,079	14,516,079
Total Liabilities	15,321,170	15,992,496
Net Assets		
Invested in capital assets, net of related debt	45,577,844	46,205,371
Restricted for debt service	634,123	526,800
Unrestricted	2,399,288	4,245,708
Total Net Assets	48,611,255	50,977,879
Total Liabilities and Net Assets	\$ 63,932,425	\$ 66,970,375

The notes to the financial statements are an integral part of this statement.

**SABINE RIVER AUTHORITY,
STATE OF LOUISIANA
Statements of Revenues, Expenses, and Changes in Net Assets
For The Years Ended June 30,**

	2006	2005
Operating Revenues (substantially all pledged as security for revenue bonds):		
Power sales	\$ 772,673	\$ 3,038,973
Water sales	2,745,080	2,834,683
Park site rentals	477,440	387,401
Miscellaneous	518,626	286,248
Total Operating Revenues	4,513,819	6,547,305
Operating Expenses:		
Operating and maintenance	4,456,575	4,252,778
Depreciation and amortization	2,188,051	2,087,778
Total Operating Expenses	6,644,626	6,340,556
Operating Income (Loss)	(2,130,807)	206,749
Nonoperating Revenues (Expenses):		
Investment income	67,600	33,386
Interest expense	(345,285)	(297,751)
Other	41,868	41,710
Net Nonoperating Revenues (Expenses)	(235,817)	(222,655)
Change in Net Assets	(2,366,624)	(15,906)
Net Assets - Beginning of Year	50,977,879	50,993,785
Net Assets - End of Year	\$ 48,611,255	\$ 50,977,879

The notes to the financial statements are an integral part of this statement.

**SABINE RIVER AUTHORITY,
STATE OF LOUISIANA
Statements of Cash Flows
For The Years Ended June 30,**

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 4,243,343	\$ 6,844,921
Payments to suppliers	(2,166,200)	(1,839,328)
Payments to employees	(2,159,356)	(2,300,483)
Other	494,724	286,248
Net Cash Provided (Used) by Operating Activities	412,511	2,991,358
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(459,734)	(576,099)
Principal paid on capital debt	(660,000)	(630,000)
Interest paid on capital debt	(329,000)	(305,553)
Net payments on contracts payable	(269,212)	(868,202)
Net Cash Provided (Used) by Capital And Related Financing Activities	(1,717,946)	(2,379,854)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	67,600	33,386
Net Cash Provided (Used) by Investing Activities	67,600	33,386
Net Increase (Decrease) in Cash and Cash Equivalents	(1,237,835)	644,890
Cash and Cash Equivalents - Beginning of Year	4,283,323	3,638,433
Cash and Cash Equivalents - End of Year	\$ 3,045,488	\$ 4,283,323
Cash and cash equivalents shown on balance sheet as:		
Current assets: Cash and cash equivalents	\$ 1,609,184	\$ 3,005,626
Restricted assets: Cash and cash equivalents	1,436,304	1,277,697
	\$ 3,045,488	\$ 4,283,323

The notes to the financial statements are an integral part of this statement.

**SABINE RIVER AUTHORITY,
STATE OF LOUISIANA
Statements of Cash Flows (Continued)
For The Years Ended June 30,**

	2006	2005
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (2,130,807)	\$ 206,749
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization	2,188,051	2,087,778
(Increase) decrease in receivables	248,151	583,864
Increase (decrease) in accounts payable	110,695	57,305
Increase (decrease) in other accrued expenses	(3,579)	55,662
Total Adjustments	2,543,318	2,784,609
Net Cash Provided by Operating Activities	\$ 412,511	\$ 2,991,358

The notes to the financial statements are an integral part of this statement.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements
Year Ended June 30, 2006 and 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Sabine River Authority, State of Louisiana, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

The Office of Statewide Reporting and Accounting Policy is requiring all component units of the state to implement GASB Statement No. 34, "Basis Financial Statements - and Management's Discussion and Analysis - for State and Local Governments".

Reporting Entity

Sabine River Authority, a component unit of the State of Louisiana, was created under Title 38, Chapter 2, of the Louisiana Revised Statutes of 1950, comprised of R. S. 38:2321 through 38:2337. The Authority is charged with the development of the Sabine River Basin within the State of Louisiana. The Authority derives its revenue from the sale of hydroelectric power from the Toledo Bend Dam, water sales from the Toledo Bend Reservoir and Sabine River Diversion Canal, permit and recreation area fees and other miscellaneous revenue. At the 1991 Session of the Louisiana Legislature, Act 272 transferred the Authority to the Louisiana Department of Transportation and Development.

The Authority is an autonomous self-supporting governmental unit with no taxing powers covering all or a portion of six parishes in the Sabine Basin and is administered by a thirteen-member Board of Directors appointed by the Governor to four-year terms which are concurrent with the Governor.

Fund Accounting

In prior years, the Authority, for financial reporting purposes, consisted of a general fund, debt service fund and account groups. These funds and groups were designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

For the 1994-95 fiscal year, the Legislative Auditor determined the Authority's accounting system should consist of an enterprise fund (proprietary fund type). This enterprise fund accounts for the acquisition, operation, and maintenance of Authority facilities and services. All enterprise funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

Proprietary funds are reported in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting. This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements
Year Ended June 30, 2006 and 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

(APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989 be applied to proprietary activities unless they (FASB Statements and Interpretations, APB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

GASB Statement No. 20 also states that for proprietary activities, management may elect to apply all FASB Statements and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under the control of the Authority will not elect to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Compensated Absences

Classified employees of the Sabine River Authority accumulate annual and sick leave at various rates depending on their years of service. These employees may accumulate unlimited amounts of annual and sick leave. Upon termination or death, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 16, Accounting for Compensated Absences, (GASB Code Sec. C60) no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Cash and Cash Equivalents

Cash and cash equivalents are short-term liquid investments that are readily convertible to known amounts of cash and so near maturity that there is no significant risk of changes in value due to changes in interest rates.

Investments

All investments meet the requirements of GASB Statement No. 31 and are stated at fair value.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements
Year Ended June 30, 2006 and 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

The Authority considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become un-collectible, they will be charged to operating expenses when that determination is made.

Property, Plant and Equipment

Property, plant and equipment are stated at historical costs. Depreciation has been provided using the straight-line method at annual rates as follows:

Dams and electric plants	1.50%
Water and pumping plant	1.50% - 5.00%
Buildings	2.00% - 5.00%
Equipment	4.00% - 20.00%
Roads and parking lots	3.33% - 5.00%
Golf course	2.00%

Budgets and Budgetary Accounting

The Authority prepares a budget for use in planning and controlling costs. The budget and any changes are approved by the Board of Commissioners.

Restricted Assets

The restricted assets consist of a bond sinking fund, bond reserve fund, bond operating reserve funds, and contingency and replacement reserve funds on revenue bonds that are specially restricted by the Board of Commissioners. The bond sinking, bond operating reserve, and contingency and replacement reserve funds are segregated as required by the bond indentures.

Rates and Regulations

The Louisiana Public Service Commission (LPSC) has original jurisdiction over the electric rates charged by the Authority. In 1992, the LPSC granted a rate increase. The rate of 2.0¢ per KWH was for five years with an increase to 2.1¢ thereafter. The power companies affected by this increase have agreed to the rate increase. Water rates are established by the Authority's Board of Commissioners.

Risk Management

The Authority is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements
Year Ended June 30, 2006 and 2005**

NOTE 2 - LEGAL COMPLIANCE - BUDGETS

The Authority operates as an enterprise fund. Normally, enterprise funds are not subject to operating budgets. However, a modified accrual basis budget for Sabine River Authority Appropriations, a portion of the enterprise fund, is formally adopted by the State Legislature and the Governor prior to the beginning of the fiscal year. After its adoption, adjustments to the budget must be approved by the Joint Legislative Committee, a committee of the Louisiana Legislature; however, the Commissioner of Administration may approve line item transfers within a budgetary unit subject to the statutory limitations. Appropriations for operating expenditures lapse at fiscal year-end; capital appropriations lapse upon completion of the Project, purchase of the capital item designated in the appropriation, or abandonment. Interim emergency appropriations may be granted by the Interim Emergency Board. The Schedule of Revenues and Expenditures - Budget and Actual excludes "Miscellaneous Revenues and Expenses" and depreciation and amortization from actual expenditures. The Schedule includes "Capital Outlay" in the actual expenditures column.

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits With Financial Institutions

The Authority may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Authority may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally chartered credit unions.

At year end, the carrying amount of the Authority's demand deposits was \$200,038 and the bank balance was \$442,758. Of the bank balance, all was covered by federal depository insurance and \$192,758 of pledged collateral held by the pledging institution's agent but not in the entity's name.

	Fair Value
Cash and equivalents categorized:	\$ 200,038
Cash and equivalents not categorized:	
Money Market Funds*	1,945,502
Cash in State Treasury	899,948
Total	<u>\$3,045,488</u>

*The underlying investments consist solely of and are limited to securities of the United States government or its agencies.

The Authority does not have a policy relative to custodial credit risk or interest rate risk.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements
Year Ended June 30, 2006 and 2005**

NOTE 4 - FIXED ASSETS

Balances of fixed assets acquired through the Joint Operation between Sabine River Authority, State of Louisiana and Sabine River Authority of Texas in the amount of \$41,105,852 were obtained from audited financial statements. Other fixed asset balances were obtained from sources that could not be audited. Unaudited fixed assets totaled \$12,664,130, net of accumulated depreciation of \$9,345,003. Depreciation expense for the year ended June 30, 2006 was \$2,176,541. Fixed assets as of June 30, 2006 were as follows:

	Land	Reservoirs and Waterways	Dams and Electric Plant	Water and Pumping Plant	Recreation Site Improvements	Equipment	All Others
Balance, June 30, 2005	\$ 1,227,496	\$ 18,000,580	\$ 22,094,463	\$ 24,560,294	\$ 5,140,152	\$3,525,552	\$ 24,688,031
Additions				186,777	71,978	392,922	74,365
Deletions						(210,354)	(113,314)
Accumulated depreciation		(8,613,062)	(9,212,106)	(9,339,992)	(3,312,480)	(2,878,183)	(6,132,565)
Construction in progress							50,549
Balance, June 30, 2006	<u>\$ 1,227,496</u>	<u>\$ 9,387,518</u>	<u>\$ 12,882,357</u>	<u>\$ 15,407,079</u>	<u>\$ 1,899,650</u>	<u>\$829,937</u>	<u>\$ 18,567,066</u>

NOTE 5 - CONSTRUCTION IN PROGRESS

The Authority has various construction projects in progress as of June 30, 2006. The following is a schedule of the most significant of these projects:

	Estimated Total Cost	Cost Incurred to Date	Estimated Completion Date
Northern Trailhead Project	<u>\$222,146</u>	<u>\$12,146</u>	<u>June, 2008</u>
Electrical Upgrade	<u>\$130,356</u>	<u>\$30,356</u>	<u>March, 2007</u>

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements
Year Ended June 30, 2006 and 2005**

NOTE 6 - LONG-TERM DEBT

Outstanding long-term debt of Sabine River Authority, State of Louisiana for the year ended June 30, 2006 consist of the following:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Original Amount (000's)</u>
Taxable Revenue Bonds:				
Series 2003	2003	2014	6.63%	\$ 2,230
Revenue Refunding Bonds:				
Series 2003	2003	2014	3.89%	\$ 4,465

Interest rate for Taxable Revenue Bonds Series 2003 is the LIBOR rate plus 2.00%.

The bonds are secured by the Authority's net cash flows.

	<u>Outstanding 06/30/05 (000's)</u>	<u>Added</u>	<u>Retired</u>	<u>Outstanding 06/30/06 (000's)</u>
Taxable Revenue Bonds				
Series 2003	2,440	-0-	210	2,230
Revenue Refunding Bonds:				
Series 2003	4,915	-0-	450	4,465
Total long-term debt	<u>\$ 7,355</u>	<u>\$ -0-</u>	<u>\$ 660</u>	<u>\$ 6,695</u>

The annual debt service requirements to maturity of all bonds outstanding at June 30, 2006 follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 695,000	\$ 321,538	\$ 1,016,538
2008	730,000	288,338	1,018,338
2009	765,000	253,365	1,018,365
2010	810,000	216,756	1,026,756
2011	855,000	177,849	1,032,849
2012 - 2014	2,840,000	279,721	3,119,721
	<u>\$ 6,695,000</u>	<u>\$ 1,537,567</u>	<u>\$ 8,232,567</u>

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements
Year Ended June 30, 2006 and 2005**

NOTE 7 - STATE OF LOUISIANA GENERAL OBLIGATION BONDS

The State of Louisiana issued general obligation bonds to provide funds for the construction of a major capital facility, the Sabine River Diversion Canal.

By contract with the State Bond Commission dated September 4, 1975, the Department of Public Works agreed to service \$10,000,000 of State of Louisiana General Obligation Bonds through any excess revenues derived from the sale of water from the Diversion Canal with first call on revenues to pay for maintenance and operational costs. Subsequently, by act R.S. 38:2325 the operation of the Sabine River Diversion Canal System was transferred to the Sabine River Authority. Excess funds derived from the sale of water from the Sabine River Diversion Canal System must be used to retire \$10,000,000 of general obligation bonds.

The \$10,000,000 general obligation bonds are dated September 1, 1975 and sold as part of \$22,000,000 State of Louisiana, General Obligation Bonds, Series 1975-B (with interest rates ranging from 6.30% to 6.50%). The bonds mature serially on September 1 of each year with interest payable semi-annually on March 1 and September 1 of each year commencing March 1, 1976.

The total un-reimbursed principal and interest at June 30, 2006 is \$7,821,079 and \$8,090,291 at June 30, 2005. The liability is included in the liability section of the balance sheet as contract payable. The Legislature of the State of Louisiana has approved an act to forgive the above contract payable as of July 1, 2006.

NOTE 8 - REVENUES

Under the terms of the Indenture of Trust, revenue from power sales to electric companies is paid directly to the Trustee on the first day of each August, November, February, and May. The money is administered by the Trustee as follows:

From the power payments received in February and August, the Trustee deposits into the Bond Fund an amount sufficient for payment of the principal and interest due on the next succeeding interest payment date. The Bond Fund is used solely for the purpose of paying the principal and interest on the bonds as such payments become due.

The power payments received in May and November are deposited in the Revenue Fund. The money in the Revenue Fund is applied to any deficiencies existing in the Bond Fund, Operating Reserve Fund, and the Contingency and Replacement Reserve Fund, in that order. The Operating Reserve Fund is to be maintained at \$50,000, to be used to prevent a pending or threatened default in the payment of bonds or the related interest coupons. The contingency and Reserve Replacement Fund was established with an initial deposit of \$250,000 by the Trustee, with a provision for an additional deposit not to exceed \$500,000. Under the terms of the power agreement, the total of \$750,000 represents the Authority's one-half of the aggregate amount to be held in the Contingency and Reserve Replacement Fund to be used for extraordinary repairs and replacements of the Project as outlined in the power sales agreement.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements
Year Ended June 30, 2006 and 2005**

NOTE 8 - REVENUES (CONTINUED)

After all deficiencies have been remedied and the required payments made, all money remaining in the Revenue Fund on or after each March 2 and September 2 are to be applied by the Trustee, at the request of the Authority, for any one or more of the following purposes, at the discretion of the Authority with such priority as the Authority may determine:

1. Accelerated payments to the Companies to repay advance payments for power.
2. The retirement of bonds in advance of maturity.
3. The payment of principal and interest, or both, on any subordinate bonds which may have been issued by the Authority.
4. The accumulation of money in the Operating Reserve Fund – Louisiana Account and the Contingency and Replacement Reserve Fund – Louisiana Account.
5. To the Authority for any other lawful purpose of the Authority.

In the absence of any such request of the Authority to the Trustee with respect to such remaining money, the money shall remain in the Revenue Fund.

NOTE 9 - PER DIEM PAID COMMISSION MEMBERS

The Authority is comprised of thirteen members who are appointed by the Governor. Per diem payments to members for the year ended June 30, 2005 were as follows:

Norman Arbuckel	\$650
Daniel Cupit	500
John A. DeBarge, Sr.	50
Kermie Valentine	400
Larry Kelly	250
Thurmon Nash	500
Carlton Gibson	400
Estella Scott	450
Ronald Steed	550
Stanley Vidrine	450
Bob Thrasher	250
Donald Lemieux	300
	<hr/>
	\$ 4,750

NOTE 10 - EMPLOYEE RETIREMENT SYSTEM

Plan Description

Substantially all employees of Sabine River Authority, State of Louisiana participate in the Louisiana State Employee's Retirement System (LASERS), a multiple-employer, cost-sharing pension plan established by the Louisiana Legislature. All employees who work at least 28 hours a week and are under 60 years of age are members of the plan. Members of the plan may retire with

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements
Year Ended June 30, 2006 and 2005**

NOTE 10 - EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Plan Description (Continued)

thirty years of creditable service regardless of age, with twenty-five years of service at age 55, and with ten years of service at age 60. The retirement allowance is equal to 2.5% of the member's average annual earned compensation for the thirty-six highest months of successive employment multiplied by his years of creditable service plus \$300, with certain provisions made for those employees who were members of the supplemental pay plan prior to its revision date. Their retirement allowance may not exceed the greater of 100% of a member's final salary or compensation. The System also provides disability and survivor benefits. Benefits are established by State statute. LASERS issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Louisiana State Employees' Retirement System, P.O. Box 44213, Baton Rouge, Louisiana 70804.

Funding Policy

Plan members are required to contribute 7.5% of their earnings to the plan and the Authority is required to contribute at an actuarially determined rate. The Authority contributed 17.8% of the employees' annual covered payroll through June 30, 2005. Effective July 1, 2005, the contribution rate increased to 19.1%. The contribution requirements of plan members and the Authority are established by statute. The Authority's contribution to LASERS for the years ended June 30, 2006, 2005, and 2004 were \$258,092, \$264,982, and \$225,900, respectively, equal to the required contributions.

NOTE 11 - POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The State of Louisiana provides certain continuing health care and life insurance benefits for Sabine River Authority's retired employees. Substantially, all of the Authority's employees become eligible for these benefits if they reach normal retirement age while working for the Authority. Those benefits for retirees are provided through Group Benefits whose monthly premiums are paid jointly by the employee and the State. The cost of providing these benefits is reflected as an expenditure in the year it is paid. For the year ended June 30, 2006, there were seventeen retirees and the costs of their benefits totaled \$150,432.

NOTE 12 - LITIGATION

The Authority is involved (along with the State of Texas) in litigation in which the plaintiffs have been awarded a judgment of over \$2 million. The Authority would be liable for 50% of the judgment. However, management plans to vigorously appeal the judgment and believes the loss, if any, resulting from the appeal will not have a material impact on the Authority's financial statements.

The Authority is subject to various claims and lawsuits which may arise in the ordinary course of business. After consulting with counsel representing the Authority in connection with such claims and lawsuits, it is the opinion of management and counsel that the disposition or ultimate determination of such claims and lawsuits will not have a material effect on the financial position of the Authority.

**SABINE RIVER AUTHORITY,
State of Louisiana
Notes to Financial Statements (Continued)
Year Ended June 30, 2006 and 2005**

NOTE 13 - CONTINGENT LIABILITIES

Public law 98-571 directed the Federal Energy Regulatory Commission (FERC) to waive annual administration charges for the use of United States lands during the remaining term of the license to operate the Toledo Bend Joint Project (Project). The license expires fifty years from October 1, 1963. The waiver is contingent upon FERC determining that the power from the Project is sold to the public without profit. All exemptions applied for through June 30, 2006 have been approved.

NOTE 14 - LEASE OF RECREATIONAL FACILITY

The Authority leased property and facilities, including the conference center, golf course, club house, cart storage building, service center buildings, pavilion complex at parksites 11, restaurants, stores, tennis courts, activity center, pool, and other commercial property, if and when constructed on the leased property for 75 years beginning on May 1, 2000 to ALH Properties No. Five, Inc. ALH will pay rent to the Authority as follows:

Opening date through December 31, 2001 - 1% of annual gross revenue.

Calendar year 2002 through 2004 - 1.5% of annual gross revenue.

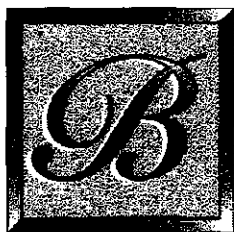
Calendar year 2005 and thereafter - 2.0% of annual gross revenue up to \$5,000,000, 4.0% of annual gross revenue \$5,000,000 and \$6,000,000, 5.0% of annual gross revenue between \$6,000,000 and \$7,000,000, 5.5% of annual gross revenue between \$7,000,000 and \$8,000,000, 6.0% of annual gross revenue between \$8,000,000 and \$9,000,000, 6.5% of annual gross revenue between \$9,000,000 and \$10,000,000, and 7.0% of annual gross revenue over \$10,000,000.

The cost for leased property is \$21,513,599 and the amount of accumulated depreciation as of June 30, 2006 was \$4,627,132. Contingent rentals received from the year end June 30, 2006 was \$229,410 and \$166,425 for the year ended June 30, 2005.

SRA has entered into an Agreement (the "Agreement") with Sabine State Bank & Trust Company ("Bank"). It provides for SRA to subordinate any and all liens, privileges, pledges or other rights granted to SRA by Louisiana Civil code Article 2705, et seq., or Louisiana Civil Code Article 3218, et seq., with respect to all of ALH's inventory, goods, equipment, and other movable property ("Collateral") situated on property SRA leased to ALH to the rights of Bank. SRA also agreed that in the event of any foreclosure, sale or other disposition of any of the Collateral, the rights of Bank in said Collateral shall in all respects prime those of SRA and Bank shall be paid by preference and priority to and over any claim of SRA.

NOTE 15 - RECLASSIFICATIONS

Certain reclassifications may have been made to the June 30, 2005 financial statements in order for them to be better compared to the June 30, 2006 financial statements.



Founded in 1978

BROUSSARD & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, L.L.C.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Sabine River Authority
State of Louisiana

We have audited the financial statements of Sabine River Authority, a component unit of the State of Louisiana, as of and for the year ended June 30, 2006, and have issued our report thereon dated August 21, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

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This report is intended solely for the information of management of Sabine River Authority and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Broussard & Company

Lake Charles, LA
August 21, 2006

SUPPLEMENTAL INFORMATION

**SABINE RIVER AUTHORITY,
State of Louisiana
Schedule of Findings and Questioned Costs
Year Ended June 30, 2006**

We have audited the financial statements of Sabine River Authority, State of Louisiana, as of and for the year ended June 30, 2006, and have issued our report thereon dated August 21, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2006 resulted in a qualified opinion.

Section I – Summary of Auditor’s Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

1. Internal Control

Material Weaknesses ☐ Yes ☒ No

Reportable Conditions ☐ Yes ☒ No

Compliance

Compliance Material to Financial Statements ☐ Yes ☒ No

2. Federal Awards – not applicable

Section II – Financial Statement Findings

Not applicable

Section III – Federal Award Findings and Questioned Costs

Not applicable

SABINE RIVER AUTHORITY.
State of Louisiana
Schedule of Prior Year Findings
Year Ended June 30, 2005

Section I – Internal Control and Compliance Material to the Financial Statements– none.

Section II – Internal Control and Compliance Material to Federal Awards- Not applicable.

Section III – Management Letter. The prior year report did not include a management letter.

Sabine River Authority, State of Louisiana
Schedule of Revenues and Expenditures as Appropriated by State of Louisiana - Budget (Non-GAAP
Basis) and Actual
For The Year Ended June 30, 2006

	2006				
	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorabl	2005 Actual
Revenues	\$ 5,865,000	\$ 5,865,000	\$ 3,995,193	\$ (1,869,807)	\$ 6,261,057
Expenditures:					
Current - general government:					
Salaries	2,069,855	2,069,855	1,663,326	406,529	1,891,686
Board compensation	-	-	4,750	(4,750)	10,100
Employee benefits	617,097	617,097	471,418	145,679	454,359
Travel	12,300	12,300	11,143	1,157	17,201
Operating services	759,085	759,085	1,128,229	(369,144)	814,650
Supplies	215,200	215,200	183,199	32,001	235,087
Professional services	275,000	275,000	282,854	(7,854)	217,693
Other charges	531,183	531,183	407,224	123,959	274,510
Major repairs	304,222	304,222	16,135	288,087	10,365
Capital outlay	144,852	144,852	223,917	(79,065)	167,244
Total Expenditures	4,928,794	4,928,794	4,392,195	536,599	4,092,895
Excess (Deficiency) of Revenues Over Expenditures	\$ 936,206	\$ 936,206	\$ (397,002)	\$ (1,333,208)	\$ 2,168,162
Reconciliation to Statement of Revenues and Expenses					
Miscellaneous revenues			518,626		
Miscellaneous expense			(288,297)		
Depreciation and amortization			(2,188,051)		
Capital outlay			223,917		
Operating Income (Loss)			\$ (2,130,807)		

The notes to the financial statements are an integral part of this statement.

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2006

SABINE RIVER AUTHORITY

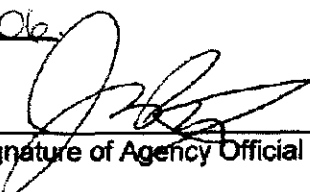
Division of Administration
Office of Statewide Reporting
and Accounting Policy

P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana
70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority,
James W. Pratt, Executive Director, of Sabine River Authority who
duly sworn, deposes and says, that the financial statements herewith given present fairly
the financial position of Sabine River Authority at June 30, 2006 and the results of
operations for the year then ended in accordance with policies and practices
established by the Division of Administration or in accordance with Generally Accepted
Accounting Principles as prescribed by the Governmental Accounting Standards
Board. Sworn and subscribed before me, this 21st day of August,
2006



Signature of Agency Official



EX-OFFICIO NOTARY PUBLIC

Prepared by: Kellie Ferguson
Title: Administrative Manager
Telephone No.: 318-256-4112
Date: 08/21/06

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

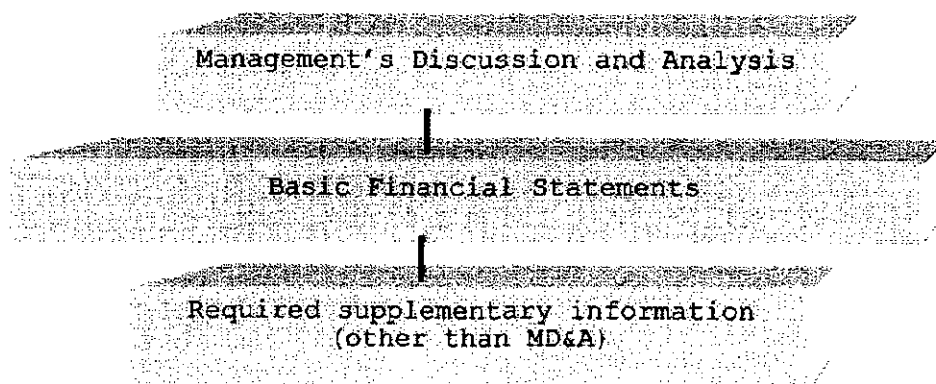
The Management's Discussion and Analysis of the Sabine River Authority's (BTA) financial performance presents a narrative overview and analysis of Sabine River Authority's (BTA) financial activities for the year ended June 30, 2006. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the Sabine River Authority's (BTA) financial statements.

FINANCIAL HIGHLIGHTS

- ★ The Sabine River Authority's (BTA) assets exceeded its liabilities at the close of fiscal year 2006 by \$48,611,255 which represents a 4.64% decrease from last fiscal year. The net assets decreased by \$2,366,624 (4.64%).
- ★ The Sabine River Authority's (BTA) revenue decreased \$2,033,486 (or 31%) and the net results from activities decreased by \$2,350,718. The decrease was a result of decreased power sales.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

Basic Financial Statements

The basic financial statements present information for the Sabine River Authority (BTA) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

The Balance Sheet (pages 8 - 9) presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Sabine River Authority (BTA) is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 10) presents information showing how Sabine River Authority's (BTA) assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (pages 11- 12) presents information showing how Sabine River Authority's (BTA) cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets as of June 30, (in thousands)			
	Total		
	2006	2005	
Current and other assets	\$ 3,731	\$ 5,229	
Capital assets	60,201	61,742	
Total assets	63,932	66,971	
Other liabilities	805	547	
Long-term debt outstanding	14,516	15,445	
Total liabilities	15,321	15,992	
Net assets:			
Invested in capital assets, net of debt	45,578	46,205	
Restricted	634	527	
Unrestricted	2,399	4,246	
Total net assets	\$ 48,611	\$ 50,978	

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on what these amounts may be used for.

The Sabine River Authority's (BTA) total revenues decreased by \$1,999,114 or (30%). The total cost of all programs and services increased by \$203,797 or (1.4%).

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2006, the Sabine River Authority (BTA) had \$60,201,103 invested in a broad range of capital assets, including land, reservoirs and waterways, dams and electric plant, water and pumping plant, recreation site improvements, and equipment. (See Table below). This amount represents a net decrease (including additions and deductions) of \$1,540,457, or 2.5%, over last year.

Capital Assets at Year-end (Net of Depreciation, in thousands)		
	2006	2005
Land	\$ 1,227	\$ 1,227
Reservoirs and Waterways	9,388	9,668
Dams and Electric Plant	12,882	13,223
Water and Pumping Plant	15,407	15,686
Recreation Site Improvements	1,900	1,931
Equipment	830	647
All Others	18,567	19,359
Totals \$	\$ 60,201	\$ 61,741

This year's major additions included (in thousands):

- Pump station renovations \$186.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2006**

Debt

The Sabine River Authority (BTA) had \$ 6,695 thousand in bonds and notes outstanding at year-end, compared to \$7,355 thousand last year, and a decrease of 9% as shown in the table below.

The Sabine River Authority Bonds are unrated.

Outstanding Debt at Year-end (in thousands)		
	2006	2005
Revenue Bonds and Notes	\$ 6,695	\$ 7,355
Totals \$	\$ 6,695	\$ 7,355

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$1,870 thousand under budget and expenditures were \$537 thousand less than budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Sabine River Authority's (BTA) budget is completed based on guidelines set by the Division of Administration. Revenues are projected based on historical data. Non-appropriated items are set by the Bond Indentures and the Toledo Bend Project Joint Operations.

CONTACTING THE SABINE RIVER AUTHORITY'S (BTA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Sabine River Authority's (BTA) finances and to show the Sabine River Authority's (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jim Pratt, Executive Director.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
BALANCE SHEET
AS OF JUNE 30, 2006**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 1,609,184
Investments	
Receivables (net of allowance for doubtful accounts)(Note U)	588,360
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	
Notes receivable	
Other current assets	
Total current assets	2,197,544

NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	1,435,304
Investments	
Receivables	
Notes receivable	
Investments	
Capital assets (net of depreciation)(Note D)	
Land	1,227,496
Buildings and improvements	18,515,519
Machinery and equipment	829,937
Infrastructure	39,576,602
Construction in progress	50,549
Other noncurrent assets	97,474
Total noncurrent assets	61,734,881
Total assets	\$ 63,932,425

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ 547,140
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	150,770
Amounts held in custody for others	
Other current liabilities	
Current portion of long-term liabilities:	
Contracts payable	
Reimbursement contracts payable	
Compensated absences payable (Note K)	
Capital lease obligations - (Note J)	
Claims and litigation payable (Note K)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	695,000
Other long-term liabilities	107,181
Total current liabilities	1,500,091

NON-CURRENT LIABILITIES:

Contracts payable	7,821,079
Reimbursement contracts payable	
Compensated absences payable (Note K)	
Capital lease obligations (Note J)	
Claims and litigation payable (Note K)	
Notes payable	
Liabilities payable from restricted assets (Note Z)	
Bonds payable	6,000,000
Other long-term liabilities	
Total long-term liabilities	13,821,079
Total liabilities	15,321,170

NET ASSETS

Invested in capital assets, net of related debt	45,577,844
Restricted for:	
Capital projects	
Debt service	634,123
Unemployment compensation	
Other specific purposes	
Unrestricted	2,399,288
Total net assets	48,611,255
Total liabilities and net assets	\$ 63,932,425

The accompanying notes are an integral part of this financial statement.

Statement A

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2006**

OPERATING REVENUES	
Sales of commodities and services	\$ 3,995,193
Assessments	
Use of money and property	
Licenses, permits, and fees	
Other	518,626
Total operating revenues	4,513,819
OPERATING EXPENSES	
Cost of sales and services	4,456,575
Administrative	
Depreciation	2,176,541
Amortization	11,510
Total operating expenses	6,644,626
Operating income(loss)	(2,130,807)
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	
Intergovernmental revenues (expenses)	
Taxes	
Use of money and property	
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	
Interest expense	(345,285)
Other revenue	109,468
Other expense	
Total non-operating revenues(expenses)	(235,817)
Income(loss) before contributions and transfers	(2,366,624)
Capital contributions	
Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	
Change in net assets	(2,366,624)
Total net assets -- beginning as restated	50,977,879
Total net assets -- ending	\$ 48,611,255

The accompanying notes are an integral part of this financial statement.

Statement B

STATE OF LOUISIANA
 SABINE RIVER AUTHORITY (BTA)
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2006

See Appendix A for instructions

Entity	\$ 6,989,911	\$ 3,995,193	\$	\$	\$ (2,994,718)
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					67,600
Miscellaneous					560,494
Special items					
Extraordinary item - Loss on impairment of capital assets					
Transfers					
Total general revenues, special items, and transfers					628,094
Change in net assets					(2,366,624)
Net assets - beginning as restated					50,977,879
Net assets - ending				\$	48,611,255

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006**

Cash flows from operating activities		
Cash received from customers	\$ 4,243,343	
Cash payments to suppliers for goods and services	(2,166,200)	
Cash payments to employees for services	(2,159,356)	
Payments in lieu of taxes		
Internal activity payments to other funds		
Claims paid to outsiders		
Other operating revenues (expenses)	494,724	
Net cash provided (used) by operating activities		\$ 412,511
Cash flows from non-capital financing activities		
State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other		
Net cash provided (used) by non-capital financing		-
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds	(660,000)	
Interest paid on bond maturities	(329,000)	
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(459,734)	
Proceeds from sale of capital assets		
Capital contributions		
Other	(269,212)	
Net cash provided (used) by capital and related activities		(1,717,946)
Cash flows from investing activities		
Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	67,600	
Net cash provided (used) by investing activities		67,600
Net increase (decrease) in cash and cash equivalents		(1,237,835)
Cash and cash equivalents at beginning of year		4,283,323.00
Cash and cash equivalents at end of year		\$ 3,045,488

The accompanying notes are an integral part of this statement.

Statement D (continued)

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2006**

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$	<u>(2,130,807)</u>
Adjustments to reconcile operating income(loss) to net cash			
Depreciation/amortization	2,188,051		
Provision for uncollectible accounts			
Changes in assets and liabilities:			
(Increase)decrease in accounts receivable, net	248,151		
(Increase)decrease in due from other funds			
(Increase)decrease in prepayments			
(Increase)decrease in inventories			
(Increase)decrease in other assets			
Increase(decrease) in accounts payable and accruals	107,116		
Increase(decrease) in accrued payroll and related benefits			
Increase(decrease) in compensated absences payable			
Increase(decrease) in due to other funds			
Increase(decrease) in deferred revenues			
Increase(decrease) in other liabilities			
Net cash provided(used) by operating activities		\$	<u>412,511</u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	\$	
Contributions of fixed assets		
Purchases of equipment on account		
Asset trade-ins		
Other (specify)		
Total noncash investing, capital, and financing activities:	\$	<u>-</u>

The accompanying notes are an integral part of this statement.

Statement D (concluded)

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

INTRODUCTION

The SABINE RIVER AUTHORITY (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:2321-2337. The following is a brief description of the operations of SABINE RIVER AUTHORITY (BTA) which includes the parish/parishes in which the (BTA) is located:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Sabine River Authority present information only as to the transactions of the programs of the Sabine River Authority as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Sabine River Authority are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Sabine River Authority (BTA) are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>5,865,000</u>
Amendments:	_____

Final approved budget	\$ <u><u>5,865,000</u></u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix B for information related to Note C.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Sabine River Authority (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2006, consisted of the following:

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Deposits in Bank Accounts Per Balance Sheet	\$ <u>200,038</u>	\$ _____	\$ _____	\$ <u>200,038</u>
Bank Balances of Deposits Exposed to Custodial Credit Risk				
a. Uninsured and uncollateralized	\$ _____	\$ _____	\$ _____	\$ _____
b. Uninsured and collateralized with securities held by the pledging institution	_____	_____	_____	_____
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent but not in the entity's name	<u>192,758</u>	_____	_____	<u>192,758</u>
Total Bank Balances - All Deposits	\$ <u>442,758</u>	\$ _____	\$ _____	\$ <u>442,758</u>

NOTE: The "Total Bank Balances - All Deposits" will not necessarily equal the "Deposits in Bank Account per Balance Sheet" due to outstanding items.

The following is a breakdown by banking institution, program, account number, and amount of the balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Sabine State Bank	Appropriations	\$ <u>102,563</u>
2. FNB - DeRidder	Joint Operations	<u>97,475</u>
3. _____	_____	_____
4. _____	_____	_____
Total		\$ <u>200,038</u>

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ <u>899,948</u>
Money Market Funds	\$ <u>1,945,502</u>

2. INVESTMENTS

The Sabine River Authority (BTA) does maintain investment accounts as authorized by the State of Louisiana.

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent but not in the entity's name. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by the three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.

* unregistered - not registered in the name of the government or entity

credit risk _____
market risk _____
legal risk _____

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end. All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006

<u>Rating</u>	<u>Fair Value</u>
	\$
Total	\$

B. Interest rate Risk

1. Disclose the interest rate risk of debt investments by listing the investment type, total fair value, and breakdown of maturity in years for each debt investment type.

<u>Type of Debt Investment</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>			
		<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>Greater Than 10</u>
U.S. Government obligations	\$	\$	\$	\$	\$
U.S. Agency obligations					
U.S. Treasury obligations					
Mortgage backed securities					
Collateralized mortgage obligations					
Corporate bonds					
Other bonds					
Mutual funds					
Other					
Total debt investments	\$	\$	\$	\$	\$

2. List the fair value and terms of any debt investments that are highly sensitive to changes in interest rates due to the terms of the investment (e.g. coupon multipliers, reset dates, etc.):

<u>Debt Investment</u>	<u>Fair Value</u>	<u>Terms</u>
	\$	
Total	\$	

C. Concentration of Credit Risk

List, by amount and issuer, investments in any one issuer (not including U.S. government securities, mutual funds, and external investment pools) that represents 5% or more of total investments.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

<u>Issuer</u>	<u>Amount</u>	<u>% of Total Investments</u>
_____	\$ _____	_____
_____	_____	_____
_____	_____	_____
Total	\$ _____	_____

D. Foreign Currency Risk

Disclose the U.S. dollar balances of any deposits or investments that are exposed to foreign currency risk (deposits or investments denominated in foreign currencies); list by currency denomination and investment type, if applicable.

<u>Foreign Currency</u>	<u>Fair Value in U.S. Dollars</u>	
	<u>Bonds</u>	<u>Stocks</u>
_____	\$ _____	\$ _____
_____	_____	_____
_____	_____	_____
Total	\$ _____	\$ _____

5. Policies

Briefly describe the deposit and/or investment policies related to the custodial credit risk, credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk disclosed in this note. If no policy exists concerning the risks disclosed, please state that fact.
No policy exists concerning the risks disclosed.

6. Other Disclosures Required for Investments

- a. Investments in pools managed by other governments or mutual funds _____
- b. Securities underlying reverse repurchase agreements _____
- c. Unrealized investment losses _____
- d. Commitments as of _____ (fiscal close), to resell securities under yield maintenance repurchase agreements:
 1. Carrying amount and market value at June 30 of securities to be resold _____
 2. Description of the terms of the agreement _____
- e. Losses during the year due to default by counterparties to deposit or investment transactions _____

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006

- f. Amounts recovered from prior-period losses which are not shown separately on the balance sheet

Legal or Contractual Provisions for Reverse Repurchase Agreements

- g. Source of legal or contractual authorization for use of reverse repurchase agreements
- h. Significant violations of legal or contractual provisions for reverse repurchase agreements that occurred during the year

Reverse Repurchase Agreements as of Year-End

- i. Credit risk related to the reverse repurchase agreements (other than yield maintenance agreements) outstanding at year end, that is, the aggregate amount of reverse repurchase agreement obligations including accrued interest compared to aggregate market value of the securities underlying those agreements including interest
- j. Commitments on (fiscal close) to repurchase securities under yield maintenance agreements
- k. Market value on (fiscal close) of the securities to be repurchased
- l. Description of the terms of the agreements to repurchase
- m. Losses recognized during the year due to default by counterparties to reverse repurchase agreements
- n. Amounts recovered from prior-period losses which are not separately shown on the operating statement

Fair Value Disclosures

- o. Methods and significant assumptions used to estimate fair value of investments, if fair value is not based on quoted market prices
- p. Basis for determining which investments, if any, are reported at amortized cost
- q. For investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool
- r. Whether the fair value of your investment in the external investment pool is the same as the value of the pool shares
- s. Any involuntary participation in an external investment pool

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006

t. If you are unable to obtain information from a pool sponsor to determine the fair value of your investment in the pool, methods used and significant assumptions made in determining fair value and the reasons for having had to make such an estimate _____

u. Any income from investments associated with one fund that is assigned to another fund _____

D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight-line method over the useful lives of the assets.

	6/30/2005	Adjustment	7/1/2005	Additions	Transfers*	Retirements	6/30/2006
Capital assets not being depreciated							
Land	\$ 1,227,496	\$	\$ 1,227,496	\$	\$	\$	\$ 1,227,496
Non-depreciable land improvements			-				-
Capitalized collections			-				-
Construction in progress	110,198		110,198	50,549	(110,198)		50,549
Total capital assets not being depreciated	\$ 1,337,694	\$ -	\$ 1,337,694	\$ 50,549	\$ (110,198)	\$ -	\$ 1,278,045
Other capital assets							
Furniture, fixtures, and equipment	\$ 3,525,546	\$	\$ 3,525,546	\$ 392,922	\$	\$ (210,354)	\$ 3,708,114
Less accumulated depreciation	(2,878,183)		(2,878,183)	(211,894)		181,447	(2,908,630)
Total furniture, fixtures, and equipment	647,363	-	647,363	181,028	-	(28,907)	799,484
Buildings and improvements	24,577,833		24,577,833	50,112		(3,116)	24,624,829
Less accumulated depreciation	(2,997,439)		(2,997,439)	(60,088)		1,716	(3,055,811)
Total buildings and improvements	21,580,394	-	21,580,394	(9,976)	-	(1,400)	21,569,018
Depreciable land improvements	29,700,446		29,700,446	283,013			29,983,459
Less accumulated depreciation	(14,415,118)		(14,415,118)	(1,283,660)			(15,698,778)
Total depreciable land improvements	15,285,328	-	15,285,328	(1,000,647)	-	-	14,284,681
Infrastructure	40,095,043		40,095,043				40,095,043
Less accumulated depreciation	(17,204,275)		(17,204,275)	(620,893)			(17,825,168)
Total infrastructure	22,890,768	-	22,890,768	(620,893)	-	-	22,269,875
Total other capital assets	\$ 60,403,853	\$ -	\$ 60,403,853	\$ (1,450,488)	\$ -	\$ (30,307)	\$ 58,923,058
Capital Asset Summary:							
Capital assets not being depreciated	\$ 1,337,694	\$ -	\$ 1,337,694	\$ 50,549	\$ (110,198)	\$ -	\$ 1,278,045
Other capital assets, at cost	97,898,868	-	97,898,868	726,047	-	(213,470)	98,411,445
Total cost of capital assets	99,236,562	-	99,236,562	776,596	(110,198)	(213,470)	99,689,490
Less accumulated depreciation	(37,485,015)	-	(37,485,015)	(2,176,535)	-	183,163	(39,488,367)
Capital assets, net	\$ 61,741,547	\$ -	\$ 61,741,547	\$ (1,399,939)	\$ (110,198)	\$ (30,307)	\$ 60,201,103

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

E. INVENTORIES

The BTA's inventories are valued at cost (method of valuation). These are perpetual inventories and are expensed when used.

F. RESTRICTED ASSETS

Restricted assets in the Sabine River Authority (BTA) at June 30, 2006, reflected at \$1,436,304 in the non-current assets section on Statement A, consisting of \$1,436,304 in cash with fiscal agent, \$-0-in receivables, and \$-0- investment. State the purpose of the restrictions: debt service.

G. LEAVE

1. COMPENSATED ABSENCES

The Sabine River Authority (BTA) has the following policy on annual and sick leave: (Describe leave policy.)

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2006 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$213,215. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the (BTA) are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees. (Note: If LASERS is not your entity's retirement system, indicate the retirement system that is and replace any wording in this note that doesn't apply to your retirement system with the applicable wording.)

All full-time (BTA) employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2005 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and is also available on-line at: [http://www.lasers.state.la.us/PDFs/Publications and Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports_05.pdf](http://www.lasers.state.la.us/PDFs/Publications%20and%20Reports/Fiscal%20Documents/Comprehensive%20Financial%20Reports/Comprehensive%20Financial%20Reports_05.pdf)

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 20__, decreased / increased to __% of annual covered payroll from the __% and __% required in fiscal years ended June 30, 2005 and 2004 respectively. The (BTA) contributions to the System for the years ending June 30, 2006, 2005, and 2004, were \$____, \$____, and \$____, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Sabine River Authority (BTA) provides certain continuing health care and life insurance benefits for its retired employees. Substantially all (BTA) employees become eligible for post employment health care and life insurance benefits if they reach normal retirement age while working for the (BTA). These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the (BTA).

For 2006, the cost of providing those benefits for the __17__ retirees totaled \$150,432.

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006

J. LEASES

NOTE: Where five-year amounts are requested, list the total amount (sum) for the five-year period, not the annual amount for each of the five years.)

1. OPERATING LEASES

The total payments for operating leases during fiscal year _____ amounted to \$_____. (Note: If lease payments extend past FY 2021, create additional columns and report these future minimum lease payments in five year increments.) A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012- 2016</u>	<u>FY 2017- 2021</u>
_____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____

2. CAPITAL LEASES

Capital leases are / are not recognized in the accompanying financial statements. The amounts to be accrued for capital leases and the disclosures required for capital and operating leases by National Council on Governmental Accounting (NCGA) Statement No. 5, as adopted by the Governmental Accounting Standards Board, and FASB 13 should be reported on the following schedules:

Capital leases are defined as an arrangement in which any one of the following conditions apply: (1) ownership transfers by the end of the lease, (2) the lease contains a bargain purchase option, (3) the lease term is 75% of the asset life or, (4) the discounted minimum lease payments are 90% of the fair market value of the asset.

Schedule A should be used to report all capital leases including new leases in effect as of 6/30/06. In Schedule B, report only those new leases entered into during fiscal year 2005-2006.

SCHEDULE A - TOTAL AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2026, create additional rows and report these future minimum lease payments in five year increments.)**

Year ending June 30 :	<u>Total</u>
2007	\$ _____
2008	_____
2009	_____
2010	_____
2011	_____
2012-2016	_____
2017-2021	_____
2022-2026	_____
Total minimum lease payments	_____
Less amounts representing executory costs	_____
Net minimum lease payments	_____
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____

SCHEDULE B – NEW AGENCY CAPITAL LEASES EXCEPT LEAF

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: **(Note: If lease payments extend past FY2026, create additional rows and report these future minimum lease payments in five year increments.)**

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
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Year ending June 30:	Total
2007	\$ _____
2008	_____
2009	_____
2010	_____
2011	_____
2012-2016	_____
2017-2021	_____
2022-2026	_____
Total minimum lease payments	_____
Less amounts representing executory costs	_____
Net minimum lease payments	_____
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____

SCHEDULE C - LEAF CAPITAL LEASES

<u>Nature of lease</u>	<u>Gross Amount of Leased Asset (Historical Costs)</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

The following is a schedule by years of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of (last day of your fiscal year) and a breakdown of yearly principal and interest: (Note: If lease payments extend past FY2026, create additional rows and report these future minimum lease payments in five year increments.)

Year ending June 30:	Total
2007	\$ _____
2008	_____
2009	_____
2010	_____
2011	_____
2012-2016	_____
2017-2021	_____
2022-2026	_____
Total minimum lease payments	_____
Less amounts representing executory costs	_____
Net minimum lease payments	_____
Less amounts representing interest	_____
Present value of net minimum lease payments	\$ _____

**STATE OF LOUISIANA
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Notes to the Financial Statement
As of and for the year ended June 30, 2006**

3. LESSOR DIRECT FINANCING LEASES

A lease is classified as a direct financing lease (1) when any one of the four capitalization criteria used to define a capital lease for the lessee is met and (2) when both the following criteria are satisfied:

- Collectibility of the minimum lease payments is reasonably predictable.
- No important uncertainties surround the amount of the unreimbursable costs yet to be incurred by the lessor under the lease.

Provide a general description of the direct financing agreement and complete the chart below:

<u>Composition of lease</u>	<u>Date of lease</u>	<u>Minimum lease payment receivable</u>	<u>Remaining interest to end of lease</u>	<u>Remaining principal to end of lease</u>
a. Office space	_____	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____	_____
c. Land	_____	_____	_____	_____
Less amounts representing executory costs		_____		
Minimum lease payment receivable		_____		
Less allowance for doubtful accounts		_____		
Net minimum lease payments receivable		_____		
Less estimated residual value of leased property		_____		
Less unearned income		_____		
Net investment in direct financing lease		\$ _____		

Minimum lease payment receivables do not include contingent rentals which may be received as stipulated in the lease contracts. Contingent rental payments occur if, for example, the use of the equipment, land, or building etc., exceeds a certain level of activity each year. Contingent rentals received for fiscal year 2006 were \$_____ for office space, \$_____ for equipment, and \$_____ for land.

The following is a schedule by year of minimum leases receivable for the remaining fiscal years of the lease as of _____ (the last day of your fiscal year): **(Note: If lease receivables extend past FY2026, please create additional rows and report these future minimum lease payment receivables in five year increments.)**

Year ending _____:	
2007	\$ _____
2008	_____
2009	_____
2010	_____
2011	_____
2012-2016	_____
2017-2021	_____
2022-2026	_____
Total	\$ _____

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006

4. LESSOR – OPERATING LEASE

When a lease agreement does not satisfy at least one of the four criteria (common to both lessee and lessor accounting), and both of the criteria for a lessor (collectibility and no uncertain reimbursable costs), the lease is classified as an operating lease. In an operating lease, there is no simulated sale and the lessor simply records rent revenues as they become measurable and available.

Provide the cost and carrying amount, if different, of property on lease or held for lease organized by major class of property and the amount of accumulated depreciation as of _____ 20__:

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Carrying amount</u>
a. Office space	\$ _____	\$ _____	\$ _____
b. Equipment	_____	_____	_____
c. Land	_____	_____	_____
Total	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____

The following is a schedule by years of minimum future rentals receivable on non-cancelable operating lease(s) as of _____ (the last day of your fiscal year): **(Note: If lease receivables extend past FY2021, please create additional columns and report these future minimum lease payment receivables in five year increments.)**

<u>Year Ended</u> <u>June 30,</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Land</u>	<u>Other</u>	<u>Total</u>
2007	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
2008	_____	_____	_____	_____	_____
2009	_____	_____	_____	_____	_____
2010	_____	_____	_____	_____	_____
2011	_____	_____	_____	_____	_____
2012-2016	_____	_____	_____	_____	_____
2017-2021	_____	_____	_____	_____	_____
Total	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ _____ - \$ _____

Current year lease revenues received in fiscal year _____ totaled \$ _____.

Contingent rentals received from operating leases received for your fiscal year was \$ _____ for office space, \$ _____ for equipment, and \$ _____ for land.

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 20__:
 (Balances at June 30th should include current and non-current portion of long-term liabilities.)

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

	Balance June 30, 2005	Year ended June 30, 2006		Balance June 30, 2006	Amounts due within one year
		Additions	Reductions		
Notes and bonds payable:					
Notes payable	\$	\$	\$	\$ --	\$
Reimbursement contracts payable				--	
Bonds payable	7,355,000		660,000	6,695,000	
Total notes and bonds	7,355,000	--	660,000	6,695,000	--
Other liabilities:					
Contracts payable	8,090,291		269,212	7,821,079	
Compensated absences payable				--	
Capital lease obligations				--	
Claims and litigation				--	
Liabilities payable from restricted assets				--	
Other long-term liabilities				--	
Total other liabilities	8,090,291	--	269,212	7,821,079	--
Total long-term liabilities	\$ 15,445,291	\$ --	\$ 929,212	\$ 14,516,079	\$ --

(Send OSRAP a copy of the amortization schedule for any new debt issued.)

L. CONTINGENT LIABILITIES

The Sabine River Authority (BTA) is a defendant in litigation seeking damages as follows: (Only list litigation not being handled by the Office of Risk Management or the Attorney General.)

Date of Action	Description of Litigation and Probable outcome (Remote, reasonably possible, or probable)	*Damages Claimed	Insurance Coverage
3/1/2001	Wrongful Death	1,200,000	
03/01/01	State of Texas; Taking of property	\$	\$
Totals		\$ 1,200,000	\$

Claims and litigation costs of \$ (include incremental cost discussed above) were incurred in the current year and are reflected in the accompanying financial statement.

Disclose any cases where it is probable that a liability has been incurred, but the effect of the liability has not been reflected in the financial statements because it can not be estimated.

Disclose any guarantee of indebtedness even if there is only a remote chance that the government will be called on to honor its guarantee.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

M. RELATED PARTY TRANSACTIONS

FASB 57 requires disclosure of the description of the relationship, the transaction(s), the dollar amount of the transaction(s) and any amounts due to or from which result from related party transactions. List all related party transactions.

N. ACCOUNTING CHANGES

Accounting changes made during the year involved a change in accounting _____ (principle, estimate or entity). The effect of the change is being shown in _____.

O. IN-KIND CONTRIBUTIONS

List all in-kind contributions that are not included in the accompanying financial statements.

<u>In-Kind Contributions</u>	<u>Cost/Estimated Cost/Fair Market Value/As Determined by the Grantor</u>
_____	\$ _____
_____	_____
_____	_____
_____	_____
_____	_____
Total	\$ _____

P. DEFEASED ISSUES

In _____, 20____, the _____ (BTA), issued \$_____ of taxable bonds. The purpose of the issue was to provide monies to advance refund portions of _____ bonds. In order to refund the bonds, portions of the proceeds of the new issue \$_____, plus an additional \$_____ of sinking fund monies together with certain other funds and/or securities, were deposited and held in an escrow fund created pursuant to an escrow deposit agreement dated _____ between the (BTA) and the escrow trustee. The amount in the escrow, together with interest earnings, will be used to pay the principal, redemption premium, and interest when due. The refunding resulted in reducing the total debt service payments by almost \$_____ and gave the (BTA) an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$_____.

Q. COOPERATIVE ENDEAVORS

LRS 33:9022 defines cooperative endeavors as any form of economic development assistance between and among the state of Louisiana, its local governmental subdivisions, political corporations, public benefit corporations, the United States government or its agencies, or any public or private association, corporation, or individual. The term cooperative endeavor includes cooperative financing, cooperative development, or any form of cooperative economic development activity. The state of Louisiana has entered into cooperative endeavor agreements with certain entities aimed at developing the economy of the state.

Some cooperative endeavor contracts are not coded with a document type of "COP" on the Contract Financial Management Subsystem (CFMS), but are considered cooperative endeavors. Include these

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

below with your cooperative endeavor contracts coded with a document type of "COP". Examples of contracts that are considered cooperative endeavors, but are not coded with a document type of "COP" include contracts that fall under delegated authority, Facility Planning and Control "CEA" contracts, certain federal government contracts, contracts that legislative auditors may have designated as such within your agency, work incumbent programs, etc. In prior years, this information was requested as supplemental documentation after the AFRs were submitted, usually in October or November.

The liability outstanding for fiscal year ending June 30, 2006, by funding source, is as follows:

<u>Funding Source</u>	<u>Balance June 30, 2006</u>
State General Fund	\$ _____
Self-generated revenue	_____
Statutorily dedicated revenue	_____
General obligation bonds	_____
Federal funds	_____
Interagency transfers	_____
Other funds/combination	_____
Total	\$ _____

NOTE: Amounts in excess of contract limits **cannot** be used to reduce the outstanding contract balance at June 30, 2006. For example, if a contract specifies a percentage of usage for each month (25%) and usage exceeds that percentage (75%), you cannot claim actual usage that exceeds contract requirements (50%).

NOTE: In order to compute ending balances by funding source, you should begin with your balances at June 30, 2005. These amounts will be increased by amounts for new contracts and amendments and decreased for payments and liquidations.

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006

The following government-mandated nonexchange transactions (grants) were received during fiscal year 2005-2006:

<u>CFDA Number</u>	<u>Program Name</u>	<u>State Match Percentage</u>	<u>Total Amount of Grant</u>
			\$
Total government-mandated nonexchange transactions (grants)			\$ -

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS

At June 30, 20__, the _____ (BTA) was not in compliance with the provisions of _____ Bond Reserve Covenant that requires _____ The _____ (BTA) did _____ to correct this deficiency.

T. SHORT-TERM DEBT

The _____ (BTA) issues short-term notes for the following purpose(s)

Short-term debt activity for the year ended June 30, 20__, was as follows:

<u>List the type of Short-term debt (e.g., tax anticipation notes)</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
	\$	\$	\$	\$ -

The _____ (BTA) uses a revolving line of credit for the following to finance _____ (list purpose for the S-T debt).

Short-term debt activity for the year ended June 30, 20__, was as follows:

	<u>Beginning Balance</u>	<u>Draws</u>	<u>Redeemed</u>	<u>Ending Balance</u>
Line of credit	\$	\$	\$	\$ -

U. DISAGGREGATION OF RECEIVABLE BALANCES

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006

Receivables at June 30, 20__, were as follows:

Fund	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
	\$	\$	\$	\$	\$
Gross receivables	\$ -	\$ -	\$ -	\$ -	\$ -
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ -	\$ -	\$ -	\$ -	\$ -
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 20__, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	\$	\$	\$	\$	\$
Total payables	\$ -	\$ -	\$ -	\$ -	\$ -

W. SUBSEQUENT EVENTS

Disclose any material event(s) affecting the (BTA) occurring between the close of the fiscal period and issuance of the financial statement. _____

X. SEGMENT INFORMATION

Governments that report enterprise funds or that use enterprise fund accounting and reporting standards to report their activities are required to present segment information for those activities in the notes to the financial statements. For purposes of this disclosure, a segment is an identifiable activity (or group of activities), reported as or within an enterprise fund or another stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. This requirement for separate accounting applies if imposed by an external party, such as accounting and reporting requirements set forth in bond indentures. Disclosure requirements for each segment should be met by identifying the types of goods and services provided and by presenting condensed financial statements in the notes, including the elements in A through C below (GASB 34, paragraph 122, as modified by GASB 37, paragraph 17.)

Type of goods or services provided by the segment _____.

A. Condensed balance sheet:

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

- (1) Total assets – distinguishing between current assets, capital assets, and other assets. Amounts receivable from other funds or BTA's should be reported separately.
- (2) Total liabilities – distinguishing between current and long-term amounts. Amounts payable to other funds or BTA's should be reported separately.
- (3) Total net assets – distinguishing among restricted (separately reporting expendable and nonexpendable components); unrestricted; and amounts invested in capital assets, net of related debt.

Condensed Balance sheet:

	<u>Segment #1</u>	<u>Segment #2</u>
Current assets	\$ _____	\$ _____
Due from other funds	_____	_____
Capital assets	_____	_____
Other assets	_____	_____
Current liabilities	_____	_____
Due to other funds	_____	_____
Long-term liabilities	_____	_____
Restricted net assets	_____	_____
Unrestricted net assets	_____	_____
Invested in capital assets, net of related debt	_____	_____

B. Condensed statement of revenues, expenses, and changes in net assets:

- (1) Operating revenues (by major source).
- (2) Operating expenses. Depreciation (including any amortization) should be identified separately.
- (3) Operating income (loss).
- (4) Nonoperating revenues (expenses) – with separate reporting of major revenues and expenses.
- (5) Capital contributions and additions to permanent and term endowments.
- (6) Special and extraordinary items.
- (7) Transfers
- (8) Change in net assets.
- (9) Beginning net assets.
- (10) Ending net assets.

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
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	<u>Segment #1</u>	<u>Segment #2</u>
Operating revenues	\$ _____	\$ _____
Operating expenses	_____	_____
Depreciation and amortization	_____	_____
Operating income (loss)	_____ -	_____ -
Nonoperating revenues (expenses)	_____	_____
Capital contributions/additions to permanent and term endowments	_____	_____
Special and extraordinary items	_____	_____
Transfers in	_____	_____
Transfers out	_____	_____
Change in net assets	_____ -	_____ -
Beginning net assets	_____	_____
Ending net assets	_____ -	_____ -

C. Condensed statement of cash flows:

- (1) Net cash provided (used) by:
 - (a) Operating activities
 - (b) Noncapital financing activities
 - (c) Capital and related financing activities
 - (d) Investing activities
- (2) Beginning cash and cash equivalent balances
- (3) Ending cash and cash equivalent balances

Condensed Statement of Cash Flows:

	<u>Segment #1</u>	<u>Segment #2</u>
Net cash provided (used) by operating activities	\$ _____	\$ _____
Net cash provided (used) by noncapital financing activities	_____	_____
Net cash provided (used) by capital and related financing activities	_____	_____
Net cash provided (used) by investing activities	_____	_____
Beginning cash and cash equivalent balances	_____	_____
Ending cash and cash equivalent balances	_____ -	_____ -

Y. DUE TO/DUE FROM AND TRANSFERS

1. List by fund type the amounts **due from other funds** detailed by individual fund at fiscal year end:
(Types of funds include general fund, statutory dedicated funds, discrete component unit funds, etc).

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due from other funds		\$ _____

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

2. List by fund type the amounts due to other funds detailed by individual fund at fiscal year end:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total due to other funds		\$ _____

3. List by fund type all transfers from other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers from other funds		\$ _____

4. List by fund type all transfers to other funds for the fiscal year:

<u>Type of Fund</u>	<u>Name of Fund</u>	<u>Amount</u>
_____	_____	\$ _____
_____	_____	_____
_____	_____	_____
Total transfers to other funds		\$ _____

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS

Liabilities payable from restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

Liabilities payable from restricted assets in the _____ (BTA) at _____ (fiscal year end), reflected at \$ _____ in the non-current liabilities section on Statement A, consist of \$ _____ in accounts payable, \$ _____ in notes payable, and \$ _____ in _____.

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS

The following adjustments were made to restate beginning net assets for June 30, 20____. Each adjustment must be explained in detail on a separate sheet.

<u>Ending net assets</u> <u>July 1, 2005,</u> <u>previously reported</u>	<u>Adjustments</u> <u>+ or (-)</u>	<u>Beginning net</u> <u>assets, July 1, 2005,</u> <u>as restated</u>
\$ _____	_____	\$ _____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(NOTE: Net Assets at July 1, 20____, previously reported, must correspond to Net Assets at June 30, 20____, per the information received from OSRAP.)

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46)

Of the total net assets reported on Statement A at June 30, 20____, \$ _____ are restricted by enabling legislation (which includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation). Refer to Appendix C for more details on the determination of the amount to be reported as required by GASB Statement 46.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006**

CC. IMPAIRMENT OF CAPITAL ASSETS

GASB 42 establishes accounting and financial reporting standards for the impairment of capital assets. Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment has occurred. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. **See Appendix D for more information on GASB 42 and the Impairment of Capital Assets.**

The following capital assets are considered impaired: (There are five indicators of impairment described in Appendix D, (1) physical damage, (2) enactment of laws, etc. List the appropriate number (1-5) to identify the indicator of impairment in the second to last column below.)

<u>Type of asset</u>	<u>Amount of Impairment Loss</u>	<u>Indication of Impairment</u>	<u>Insurance Recovery in the same FY</u>	<u>Reason for Impairment (e.g. hurricane)</u>
Buildings	_____	_____	_____	_____
Movable Property	_____	_____	_____	_____
Infrastructure	_____	_____	_____	_____

The carrying amount of impaired capital assets that are idle at year-end should be disclosed, regardless of whether the impairment is considered permanent or temporary. The following capital assets were idle at the end of the fiscal year. (Include the capital assets listed above that were idle at the end of the fiscal year.)

<u>Type of asset</u>	<u>Carrying Value</u>
Buildings	\$ _____
Movable Property	\$ _____
Infrastructure	\$ _____

DD. EMPLOYEE TERMINATION BENEFITS

Termination benefits are benefits, other than salaries and wages that are provided by employers as settlement for involuntary terminations initiated by management, or as an incentive for voluntary terminations initiated by employees. Involuntary termination benefits include benefits such as payment for unused leave balances. Voluntary termination benefits include benefits such as enhanced early retirement options resulting from an approved early retirement plan and payment for unused leave balances. Other termination benefits may include:

1. Early retirement incentives, such as cash payments, enhancement to defined benefit formula
2. Health care coverage when none would otherwise be provided (COBRA)
3. Compensated absences, including payments for leave balances
4. Payments due to early release from employment contracts

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2006

GASB 47 requires the following disclosures about an employer's accounting for employee termination benefits.

1. A description of the termination benefit arrangement(s)
2. Period the employer becomes obligated
3. Number of employees affected
4. Cost of termination benefits
5. Type of benefit(s) provided
6. The period of time over which the benefits are expected to be provided
7. If the termination benefit affects the defined benefit pension (OPEB) obligations, disclose the change in the actuarial accrued liability for the pension or OPEB plan attributable to the termination benefit
8. When termination liabilities are reported, disclose the significant methods and assumptions used to determine the liabilities to be disclosed (for as long as the liability is reported)

The GASB 47 note disclosures listed below are provided as an example and should be modified as necessary.

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2006, the cost of providing those benefits for _____ (number of) voluntary terminations totaled \$ _____. For 2006, the cost of providing those benefits for _____ (number of) involuntary terminations totaled \$ _____. [The termination benefits (voluntary and involuntary) paid in FY 2006 should also be included in the Statement of Revenues, Expenses, and Changes in Fund Net Assets on the account line "Administrative" in the Operating Expense Section.]

The liability for the accrued voluntary terminations benefits payable at June 30, _____ is \$ _____. This liability consists of _____ (number of) voluntary terminations. The liability for the accrued involuntary terminations benefits payable at June 30, _____ is \$ _____. This liability consists of _____ (number of) involuntary terminations.

[The termination benefits (voluntary and involuntary) payable at fiscal year end should also be included on the Balance Sheet in the "compensated absences payable" account line.]

If a termination benefit is not recognized because the expected benefits are not estimable, the employer should disclose that fact. Briefly describe termination benefits provided to employees as discussed above. If none, please state that fact.

None

A terminated employee can continue to access health benefits, however, if the COBRA participant is paying the ENTIRE premium then there is no state contribution on behalf of this individual. Therefore, when a terminated employee pays 100% of the premium, the state would not have a termination liability.

**STATE OF LOUISIANA
SABINE RIVER AUTHORITY(BTA)
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2006
(Fiscal Close)**

<u>Name</u>	<u>Amount</u>
Norman Arbuckel	\$ 650
Daniel Cupit	500
John DeBarge	50
Kermie Valentine	400
Larry Kelly	250
Thurmon Nash	500
Carlton Gibson	400
Estella Scott	450
Ronald Steed	550
Stanley Vidrine	450
Bob Thrasher	250
Donald Lemieux	300
	\$ 4,750

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

STATE OF LOUISIANA

SCHEDULE OF STATE FUNDING
For the Year Ended _____
(Fiscal Close)

(BTA)

<u>Description of Funding</u>		<u>Amount</u>
1.	_____	\$ _____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
8.	_____	_____
9.	_____	_____
10.	_____	_____
Total		\$ _____

STATE OF LOUISIANA

(BTA)
SCHEDULE OF REIMBURSEMENT CONTRACTS PAYABLE
_____, 20____
(Fiscal Close)

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

***Send copies of new amortization schedules**

SCHEDULE OF NOTES PAYABLE

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
		_____	_____	_____	_____		_____
Total		\$ _____	\$ _____	\$ _____	\$ _____		\$ _____

***Send copies of new amortization schedules**

STATE OF LOUISIANA
SABINE RIVER AUTHORITY (BTA)
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2006__

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
Taxable 2003	2003	\$2,825	\$2,440	\$210	\$2,230	Variable	\$711,718
Refunding 2003	2003	\$5,765	\$4,915	\$450	\$4,465	3.89	\$825,847
Total		<u>\$ 8,590</u>	<u>\$ 7,355</u>	<u>\$660</u>	<u>\$ 6,695</u>		<u>\$1,537,565</u>

*Send copies of new amortization schedules

SCHEDULE 3-C

STATE OF LOUISIANA
_____(BTA)

SCHEDULE OF REIMBURSEMENT CON
TRACTS PAYABLE AMORTIZATION
For The Year Ended _____
(Fiscal Close)

Fiscal Year		
<u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ _____	\$ _____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
Total	\$ _____ --	\$ _____ --

SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 20__

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2007	\$ _____	\$ _____	\$ _____	\$ _____ --
2008	_____	_____	_____	_____ --
2009	_____	_____	_____	_____ --
2010	_____	_____	_____	_____ --
2011	_____	_____	_____	_____ --
2012-2016	_____	_____	_____	_____ --
2017-2021	_____	_____	_____	_____ --
2022-2026	_____	_____	_____	_____ --
2027-2031	_____	_____	_____	_____ --
 Total	 \$ _____ --	 \$ _____ --	 \$ _____ --	 \$ _____ --

SCHEDULE 4-B

STATE OF LOUISIANA

(BTA)

SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 20__

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ _____	\$ _____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012-2016	_____	_____
2017-2021	_____	_____
2022-2026	_____	_____
2027-2031	_____	_____
Total	\$ _____ --	\$ _____ --

SCHEDULE 4-C

STATE OF LOUISIANA
 _____ (BTA)

SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 20__

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ _____	\$ _____
2008	_____	_____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
Total	\$ _____ --	\$ _____ --

SCHEDULE 4-D

STATE OF LOUISIANA

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change.

	<u>2006</u>	<u>2005</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ _____	\$ _____	\$ -	\$ _____
Expenses	_____	_____	-	_____
2) Capital assets	_____	_____	-	_____
Long-term debt	_____	_____	-	_____
Net Assets	_____	_____	-	_____
Explanation for change:	_____			

